

*Budget
1-11-85
Proposals*

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16 FEB 1985

MEMORANDUM FOR: Director of Personnel**FROM:**
**Deputy Director of Personnel for Employee
Benefits and Services**

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SUBJECT: Retirement Changes

Bob,

You asked for some additional information on what we could find out about the legislative calendar on the Hill and some projection of dollar figures connected with cost for CIARDS and CSRS. The following are comments we have received thus far on these issues:

a. Legislative Calendar

1) In discussing this issue with he advises the unions' (Fund for Assuring Independent Retirement [FAIR] - a coalition of some 25 union organizations which include the American Federation of Government Employees [AFGE] and the United Postal Workers. Also, the National Association of Postal Supervisors.) strategy is to persuade enough members of Congress that the immediate dollar savings offered by the President's budget proposals, with the exception of eliminating COLA, are not significant in dollar value. Thus, the unions' position with the Hill is to emphasize the importance of the supplemental retirement legislation issue. The unions believe that the supplemental retirement legislation is complex enough to merit Congress' sole attention. The unions are campaigning at this time to resolve the budget issue quickly and devote the remaining session of Congress to additional hearings on supplemental legislation and working out the details of a new program. also states that Senator Stevens and Representative Ford are both sincere in not wanting to change the present retirement system until the supplemental retirement legislation has been resolved.

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2) In talking with he cites the fact that the largest savings will come from eliminating COLA or adjusting COLA by the present proposed formula (full COLA first \$10,000, 55% for amount over \$10,000). He says that the budget submission, in fact, cites the dollar savings resulting from the high-five and sick

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leave [] and the 5% reduction per year for earlier retirement [] versus the COLA reduction of []. The elimination of COLA during a full year coupled with a reduced payroll is cited at []

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Because the main focus of the budget is on the deficit, he strongly believes that COLA reduction is the only way to go. While he admits that it is likely that the Senate Republicans will look at the dollar savings from the high-five, sick leave, and early retirement provisions, they will quickly discover that these are rather small figures and the money can best be made through COLA reductions or elimination. Based upon Ed's discussions with the House Post Office and Civil Service Committee Staff Director (Tom DeYulia), he is certain that the House will focus on supplemental retirement and COLA during the next five to six months. He also advises that Senator Stevens' proposal has not been considered by the full committee and that they only hired an actuarial for the full committee last month. He remains skeptical that Stevens' bill will get out of full committee in the next month as has been predicted. He believes that the House will still want to present its own bill even though Stevens' bill is more formalized at this time and obviously will have been given to them for review and consideration. Ed believes strongly that we should be building our case with our committees citing the negative impact that the retirement proposals will have on the Agency's mission.

b. With regard to the savings for the Federal payroll, we have increased the percentage of contributions made by Agency employees and reflect these changes on the attachment to this memorandum. As you can see, we have used several different percentages to show the impact of each.

c. Regarding the line item contained in our Intelligence Authorization Act for CIARDS appropriations this figure is [] for FY-86 and [] for FY-90. This figure covers monies needed for creditable service granted where contributions weren't made in the past (military service), interest against the unfunded liability, and an actuarial amount required to keep the unfunded liability as low as possible.

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d. Using the best actuarial information available, we have computed the dollar value that would be a line item for Civil Service employees at [] for FY-86. This

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figure would be the line item for Civil Service types in an
Agency-wide retirement system. Projecting this figure to
FY-90 would be

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OP/EBS (13 Feb 85)

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Original - adse
2 - DD/Pers/EBS
1 - C/RD

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